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Message Text

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ORIGIN EB-07

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FM SECSTATE WASHDC
TO AMEMBASSY LONDON IMMEDIATE
INFO AMEMBASSY BANGKOK
AMEMBASSY CANBERRA
AMEMBASSY KINSHASA
AMEMBASSY KUALA LUMPUR
AMEMBASSY LAGOS
AMEMBASSY LA PAZ

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E.O. 11652:N/A

TAGS: EMIN, ITC

SUBJECT: ITC: THIRD AND SPECIAL SESSIONS

REF: (A) LONDON ,0765; (B) LONDON 00001

FOR GEORGE THIGPEN

I. THIRD SESSION

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1. CONCERNING AGENDA ITEM 3, "SUMMARY RECORDS",
DEPARTMENT BELIEVES IT IMPORTANT THAT RECORD ACCURATELY
REFLECT A) THAT NETHERLANDS, SUPPORTED BY BOLIVIA,
INITIATED THE FIRST VOTE ON PRICE RANGES; AND B) THE
COMMITMENTS MADE BY PRODUCERS IN ACCEPTING COMPROMISE PRICE
RANGE THAT I) THEY WOULD TAKE SPECIFIC ACTION TO INCREASE
PRODUCTION, AND II) THEY WOULD NOT, UNDER NORMAL CIRCUM-

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STANCES, REQUEST A REVIEW OF PRICE RANGES UNTIL AFTER THE NEXT COMMITTEE ON COST AND PRICES MEETING.

2. REGARDING AGENDA ITEM 11B, "STUDY OF ALTERNATIVE MEANS OF FINANCING", WE CONTINUE TO BELIEVE THAT IT WOULD BE INAPPROPRIATE FOR ITC TO CONSIDER IBRD FINANCING OF BUFFER STOCK GIVEN THE IBRD'S CURRENT POSITION ON THIS SUBJECT.

II. SPECIAL SESSION

3. WE ARE PREPARED TO SUPPORT LAI'S PROPOSAL (REF A, PARA. 4) FOR A RESOLUTION EXTENDING THE AGREEMENT'S PROVISIONAL STATUS TO JUNE 30 AND URGING BOLIVIA AND OTHERS TO RATIFY BY THAT TIME.

4. WE AGREE THAT THE STATUS OF THE AGREEMENT WILL HAVE TO BE RAISED AGAIN IN ITC BEFORE JUNE 30, BUT DO NOT THINK A SPECIFIC DATE FOR RE-CONSIDERATION OF THE BOLIVIAN QUESTION NEED BE SET BY COUNCIL RESOLUTION AT THIS TIME. WE BELIEVE THE COUNCIL (AND LAI) WOULD RETAIN MUCH MORE FLEXIBILITY IF LAI WOULD MAKE A GENERAL STATE-MENT FROM THE CHAIR THAT HE WILL KEEP THE RATIFICATION ISSUE UNDER REVIEW AND WILL TAKE APPROPRIATE ACTION AS AND WHEN NECESSARY. THIS LEAVES OPEN THE POSSIBILITY OF LAI'S CALLING (OR INDIVIDUAL COUNTRIES' REQUESTING) ANOTHER SPECIAL SESSION, SAY IN EARLY MAY, BUT DOES NOT FIX AN ARBITRARY DATE WHICH BOLIVIA CAN USE TACTICALLY TO PRESSURE CONSUMERS INTO ACQUIESCING TO ANOTHER ROUND OF PRICE INCREASES. YOU MAY WISH DISCUSS THIS WITH LAI AND LIMITED OFFICIAL USE

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CONSUMERS (U.K., FRG, JAPAN, FRANCE) PRIOR TO THE MEETING.

5. HOWEVER, IF MAJORITY OF OTHER CONSUMERS FAVOR THE SETTING OF A SPECIFIC DATE NOW, U.S. DEL SHOULD NOT OPPOSE. IN THAT CASE, WE WOULD PREFER APRIL 30.

6. SHOULD ANY MEMBER RAISE THE PRICE ISSUE, OUR VIEW IS THAT THIS ISSUE WAS SETTLED WHEN THE COUNCIL ESTABLISHED A NEW PRICE RANGE AT THE RESUMED SECOND SESSION. BOLIVIA, UNDER ARTICLE 41 OF THE AGREEMENT, SHOULD ACCEPT THE COUNCIL'S DECISION AS BINDING AND SHOULD NOT RAISE THE PRICE ISSUE UNTIL THE NEXT COMMITTEE ON COST AND PRICES MEETING. ACCORDINGLY, U.S. AND OTHER CONSUMERS SHOULD RESIST BOLIVIAN OR OTHER ATTEMPTS TO RE-OPEN THE PRICE QUESTION.

7. IN ANY DISCUSSION OF A RENEGOTIATION OF THE TREATY, U.S. DEL SHOULD MAKE IT CLEAR THAT THERE IS NO CERTAINTY THAT U.S. WOULD PARTICIPATE IN SUCH RENEGOTIATION, OR THAT

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WE WOULD ADHERE TO ANY RESULTING AGREEMENT, OR THAT THE
SENATE WOULD CONSENT TO ITS RATIFICATION.
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